

May 13, 2005

Mary L. Cottrell, Secretary  
MA Department of Telecommunications and Energy  
One South Station  
Boston, MA 02110

Re: D.T.E. 04-116, Investigation into Service Quality Guidelines

Dear Ms. Cottrell:

Enclosed please find Bay State Gas Company's ("Bay State" or "Company") responses to the Massachusetts Department of Telecommunications and Energy's ("Department") information requests DTE-GAS 1-1 through DTE-GAS 1-4 issued on April 22, 2005, in the above-referenced docket. Please note that the Attachment to DTE-GAS 1-1 is voluminous and, therefore, only one copy will be provided to the Department and one copy will be provided to the Attorney General.

Please date-stamp a copy of this letter for our files, and return in the enclosed envelope. Also, please feel free to contact me at (508) 836-7254 should you have any questions concerning this filing.

Sincerely,

Thomas R. Birmingham  
Manager, Regulatory Policy

cc: Jody M. Stiefel, Hearing Officer  
Colleen McConnell, Assistant Attorney General  
Service List

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE  
FIRST SET OF INFORMATION REQUESTS FROM THE D.T.E.  
TO GAS LDC's

D.T.E. 04-116

Date: May 13, 2005

Witness Responsible: Thomas R. Birmingham

DTE-GAS 1-1      Please explain how your company calculates and measures each of the following service quality performance measures with regard to (i) variable definition and measurement; (ii) data-collection methods; (iii) data quality issues; and (iv) data analysis and interpretation. Illustrate where possible.

- a) Non Emergency Telephone Answering Factor
- b) Emergency Telephone Answering Factor
- c) Service Appointments kept
- d) Meter Reads
- e) Lost Time Accident Rate
- f) Response to Odor Calls
- g) Staffing Levels
- h) Consumer Division Cases
- i) Restricted Work Day Rate
- j) Unaccounted for Gas

RESPONSE:      Please see the Company's response to DTE 1-1, which was filed on May 13, 2005 as part of D.T.E. 05-12. The Company has attached its response to that question here for the Department's convenience.

**BULK ATTACHMENT**

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DTE-GAS 1-2      Please discuss any problems that your company has had in the calculation and measurement of the service quality performance measures and how the company dealt with them.

RESPONSE:        During 2004, Bay State did not incur any problems associated with the calculation and measurement of its service quality performance measures.

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DTE-GAS 1-3      Please discuss the advantages and disadvantages of standardizing the calculation and measurement of the service quality performance measures. In addition, discuss any problems that your company specifically would have if the Department were to standardize the calculation and measurement of the service quality performance measures.

RESPONSE:      As noted in the Company's response in DTE-Gas 1-1, Bay State has memorialized the calculation and measurement processes for each of its service quality performance measures to ensure that a high quality and consistent set of data is reported each year. Bay State recognizes the clear advantages (i.e., value and importance) of this level of standardization given both the lack of specificity established in D.T.E. 99-84, and the number of potentially different ways to measure, collection and report service quality data, especially when internal changes in business needs, personnel and technology arise.

That said, although the Company recognizes that it is theoretically possible and potentially appealing to standardize the service quality data measurement, collection and reporting techniques used across all utilities to establish comparable benchmarks, Bay State is strongly opposed to such a universal mandate given the lack of compelling benefits, serious financial and operational challenges, and other unforeseen negative consequences that could arise.

First, the Company addresses the lack of compelling benefits. Although Bay State realizes the Department and other parties may be interested in some level of comparability among different utilities' service quality performance, this was neither the original intent of service quality measures, nor is the Company convinced that true, universal comparability is an attainable or desirable goal. The Company understands that the original intent was to ensure that a reduction in service quality did not occur as a result of a change in ownership or as a result of the implementation of performance based ratemaking. To standardize the measurement, collection and / or reporting techniques for each measure across all utilities today would

invalidate the historical data for most, if not all, of these companies. Bay State is also not convinced that all Massachusetts utilities would be truly “comparable” even with standardized measurement, collection and reporting techniques. For example, differences in the use of automatic meter reading technology has a significant impact on the percentage of actual meter reads used for billing purposes. Further, the configuration of call center telephone switches and integrated voice response systems may impact the volume of calls accepted into the system or the number and types of calls handled by live customer service representatives. Lastly, differences in customer demographics and usage characteristics can affect the patterns of service requirements across seasons, which further compounds the problems of comparability. Therefore, although there is an administrative appeal to this kind of standardization, the numbers themselves never tell the whole story.

Regarding the serious financial and operational consequences of standardizing universal data measurement, collection and reporting techniques across all utilities, Bay State has invested considerable time and money into its people and systems to be able to provide accurate and consistent annual service quality reports while providing a high level of customer service. To change now could easily undue important decisions the Company has made to manage an extensive and challenging effort to gauge its performance over a wide array of different measures, while minimizing overall compliance costs. For example, the Company made a decision in 2003 to upgrade its software program used to collect, store and report its Springfield Contact Center data, in part, to automate the service quality reporting process. This decision required extensive coordination between the Contact Center Support group and the Regulatory Policy group to ensure that the Company continued to measure the reported data in a consistent fashion over time.

Regarding the unforeseen negative consequences that could arise, Bay State is concerned that universal homogenization of the service quality measurement, collection and / or reporting techniques for each measure across all utilities could stifle potential innovation within a given utility. This mandate could also minimize the number of vendors providing systems and technologies capable of supporting these utility activities. It also puts strains on limited resources, which in turn, affects what work gets done throughout a given utility. For example, each utility must make countless decisions across a variety of business functions each year to ensure its ongoing operations and capital programs address a number of important goals, including operational, financial and customer service targets. These decisions have deep and far-reaching implications that are often not easily quantifiable or explainable, but nonetheless are real and long-lasting.

Bay State is convinced that to continue to modify or adjust how utilities address these service quality measures is to set in motion unintended effects that may, in turn, need to be modified in the future.

The Company discusses an alternative approach to universal standardization in its response to DTE-GAS 1-4.

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DTE-GAS 1-4      Please propose a method for standardizing the calculation and measurement of each performance measure listed in DTE-GAS 1-1 with regard to (i) variable definition and measurement; (ii) data-collection methods; (iii) data quality issues; and (iv) data analysis and interpretation.

RESPONSE:      As noted in the Company's response to DTE-GAS 1-3, Bay State strongly opposes mandated universal standardization of service quality data measurement, collection and reporting techniques used across all utilities for the reasons stated. However, the Company also recognizes the need for and benefit to the Department to better understand each utility's reported data, and the appeal to establish comparable benchmarks. An alternative approach is for the Department to establish in a collaborative fashion general measurement, collection, and reporting guidelines for each utility to follow, and to address the implementation of these standards on a case by case basis as part of each company's next respective base rate case. This long-term, planned approach could be very similar to how the Department has moved toward equalized rates of return for each customer class.

This proposal would help clarify the Department's overall intent regarding exactly what customer service-related performance it intends to measure, how it expects companies to obtain this data, and what the Department would like to see reported each year. These guidelines would also help ensure that each utility both has a reasonable roadmap to follow and provide the opportunity to explain variances from the guidelines without imposing potentially significant disruptions to the whole service quality infrastructure that has evolved over the past several years. It would also allow utilities to plan the implementation of new systems and processes in the most cost-effective manner over time, including the appropriate cost recovery for such decisions.

In 2004, Bay State's affiliate, Northern Utilities, completed a company-specific settlement exercise in Maine between the Office of the Public

Advocate and the Public Utilities Commission Staff. The outcome was a Service Quality Plan that clearly articulates the service quality data measurement, collection and reporting techniques Northern Utilities is to use. Although this process was more prescriptive than establishing general guidelines in Massachusetts, and was done outside a base rate case, it provides a clear roadmap for Northern Utilities to use and for the Maine Commission to judge Northern against.

Regarding the establishment of guidelines for each measure in a collaborative format, the Company notes that there are three classes of measures to address: (1) easy to standardize, (2) possible to standardize but requires some compromise, and (3) difficult to standardize. Regarding Class (1), these are measures that have been pre-established by the Department and apply to all utilities (e.g., Consumer Division Cases and Billing Adjustments). Regarding Class (2) these are measures that are generally driven by common, existing industry standards or predetermined reporting requirements, but companies may differ in the way they measure, collect and / or report data (e.g., Odor Call Response, TSF Emergencies, and Lost Time Accidents). Regarding Class (3) these are measures that are likely to have more variability among utilities in terms of measurement, collection and reporting given differing uses of technology, interpretation of the standard, and company operational practices (e.g., TSF Non-emergency, Service Appointments Met, and On-Cycle Meter Reads). For example, Company's may focus their call center operations on the average speed of answer while others may emphasize single call resolution, or some companies may include calls answered by the IVR as calls answered in zero seconds while others may exclude these calls from their statistics. To facilitate the timely development of common guidelines, the Department may want to address each class of measures at a time, beginning with those measures in Class (1), and build of the lessons learned.